

VZCZCXRO5617
RR RUEHDE RUEHDIR
DE RUEHKU #0118 0310520
ZNR UUUUU ZZH
R 310520Z JAN 08
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC 0685
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS KUWAIT 000118

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STATE FOR NEA/ARP, NEA/TPP, EEB; PASS TO USTR

E.O. 12958: N/A

TAGS: [ECON](#) [ETRD](#) [PREL](#) [KU](#)

SUBJECT: FOREIGN BUSINESS COUNCILS COORDINATE TO TACKLE
TRADE OBSTACLES

¶1. On January 28, Embassy Kuwait hosted the first-ever meeting of representatives from various foreign business councils in Kuwait to discuss common concerns and ways to collaborate on areas of common interest. Organized in conjunction with the American Business Council, the roundtable was attended by members of the British Business Forum (BBF), British Embassy, American-Kuwaiti Alliance (AKA), Canadian Commercial Council (CCC), German Council, Dutch Embassy, Indian Business Council, and by a professor of Business Studies at the American University of Kuwait.

¶2. The Charge kicked-off the roundtable with brief remarks stressing the need for further economic reforms in Kuwait. He noted that although the GOK has made some progress recently, businesses in Kuwait have many more challenges to overcome. Recently passed economic laws -- reducing the tax rate on foreign companies from 55 percent to 15 percent, privatizing Kuwait Airways, controlling investment in public properties especially under BOT contracts, and creating public-private partnerships to own and operate customs facilities and warehouses near the Iraqi border -- all reflect steps in the right direction, he noted. However, the cumbersome bureaucracy involved in establishing a company in Kuwait, major problems in public procurement, weak enforcement of intellectual property rights, and inadequate protection of basic worker rights, are challenges that all foreign companies are facing in Kuwait.

¶3. The subsequent two-hour discussion focused on challenges faced by business associations in Kuwait, the role of embassies in furthering the business agenda, and avenues to identify and influence key GOK decision-makers. There was strong consensus that a "safety in numbers" approach would enhance the impact of the work of the business councils, provided the group identified realistic and achievable goals. Participants pointed to the need to identify key officials in government that business groups and embassies can target with a consistent message on reform. Councils need to devise a collaborative strategy to use interactions with government officials as opportunities to "train" them to understand western and international ways of doing business.

¶4. Participants unanimously decided to create a working group with one representative from each council. The group will meet in early March to devise a collective plan of action and identify Kuwaiti partners to join forces with. The group plans to meet on a bi-monthly basis. The working group format will encourage active participation and facilitate technical discussions over common goals and strategies. Participants noted the need for including Kuwaitis in the working group. Kuwaiti participation would add internal knowledge and local perspective to doing business in Kuwait. Also, Kuwaiti businesses face several of the same challenges faced by foreign companies. KCCI, Kuwait

Lawyers Society, and AKA members were mentioned as potential Kuwaiti partners in the new Working Group.

Comment

¶5. This meeting, the first of its kind in Kuwait, was a great opportunity for the various foreign business councils to meet in a collective forum and exchange ideas on trying to reduce the impediments -- corruption, lack of transparency, legislative drift, weak political leadership -- that hinder bilateral trade relationships and act as a disincentive for foreign investment. The enthusiastic response to this meeting revealed the need and the advantages of a more collaborative effort in dealing with the GOK on reform issues that are important to all business groups in Kuwait. The decision to form an international working group is a first step towards greater cooperation between business groups from different countries. Consensus on the utility of a combined approach in consultation with embassies is an encouraging first start.

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